



MARYLAND BUILDING ENERGY TRANSITION IMPLEMENTATION TASK FORCE

Serena C. McIlwain, Secretary, Maryland Dept. of the Environment, Co-Chair
Paul G. Pinsky, Director, Maryland Energy Administration, Co-Chair

Meeting Minutes Thursday, June 29, 2023 Task Force Meeting #1 1:00 pm to 3:00 pm E.T.

Meeting Location: Montgomery Park Building, 1800 Washington Blvd., Baltimore, MD 21230,
1st-floor conference rooms or online using Google Meet

Attendees

Names in bold are official Task Force members.

In-person: **Serena McIlwain** (MDE), **Ian Ullman** on behalf of Director Paul Pinsky (MEA), **Stuart Kaplow** (Green Building Council MD), **Tom LeQuire** (DGS), **Mark Case** (BGE), **Susan Miller** (EarthJustice), **Nicola Tran** (DHCD), **Louisa Rettew** (Baltimore County), **Mark Szybist** on behalf of David Lapp (OPC), Mark Stewart (MDE), Marshall Duer-Balkind (IMT), Jamal Lewis (Rewiring America), Kevin Walton (Montgomery County BEPS Advisory Board Chair), Tyler Pullen (MES), Ben Adams (MaGrann), Joshua Galloway (New Ecology), Chris Parts (Hord Coplan Macht), Rick Brieman (Atlantic Realty), Jill Lemke (MDP), Allison Brown (MDE), Mark Gleason (MDE), Victoria Westerman (MDE), Cindy Osorto (MDE), Chris Hoagland (MDE), Christopher Beck (MDE), Eric Coffman (MEA), David St. Jean (DGS), John Finnessy (DGS)

Online: **Kathy Magruder** (MCEC), **Amanda Best** (PSC) on behalf of incoming chair Fred Hoover, **Nathan Fridinger** (City of Hagerstown), Vimal Amin (MDE), Erick Thunell (MDE), Kim Pezza (MDE), Les Knapp (MDE), Rifka Handleman (MDE), Bradley Phelps (MDE), Anna Atticks (MDE), Chris Stix (Sierra Club), Daniel Rosen (MDP), David Tancabel (EPA), Joanna Freeman (MEA), Julia Weigel (AECOM), Karen Massey (AECOM), Michael Powell (Gordon Feinblatt), Nicholas Silbergeld (HASI), Kim Pelosi (MaGrann), Scott Falvey (DHCD), Seth Blumen (Baltimore County), Stephen Morel (Montgomery Cty Green Bank), Sarah Steinberg (Advanced Energy United), Nidhi Ravi (NEEP), Carol Bean (Eastern Shore Land Conservancy), Joshua Kace (LBNL), Tom Ballentine (NAIOP), Anthony Roberts (Phase 3 Training Corporation), Cherise Seals (NORESO), Lori Graf (Maryland Building Industry Association), Diana Younts (Climate Coalition Montgomery County), Steve Lauria (DGS), Debbie Cohn (Climate Coalition Montgomery County), Erica Bannerman (Prince George's County)

- **Introductions and Task Force Charge** ([MDE Slides pgs. 1-3](#))
 - Secretary McIlwain: Decarbonizing buildings is a key part of meeting climate goals so this is a really important group, looking forward to this group moving toward solutions across MD to make this happen. Everything we do to affect climate change will impact all of us. Thanks for being a part of this.
 - Ian Ullman on behalf of Paul Pinsky, Director of MEA: Buildings are one of the largest emitters in the state so we need to figure out how to reduce those emissions. Some of this was answered in the legislature through BEPS but there

are still big questions remaining for this group to help answer - how quickly, what type of investments, what should building owners expect from government and vice versa.

- There are still a few Governor's appointees missing. The Governor's Appointments Office is working on getting these seats filled.
- The Task Force is looking at the whole building sector, not just large buildings.
- The Institute for Market Transformation (IMT), RMI (formerly the Rocky Mountain Institute), LBNL (Lawrence Berkeley National Laboratory), AECOM, and others are technical assistance partners participating in the process to help understand the costs of decarbonizing. They will help provide costs associated with the task force recommendations.
- Marshall Duer-Balkind: IMT is a nonpartisan nonprofit that works on energy efficiency and standards in buildings. Also supports the National Building Performance Coalition which Governor Wes Moore just joined for Maryland. IMT's role will be to help facilitate meetings, including the four subgroups, and will be lead author of the final report. IMT will draft the report and the Task Force will review, edit, and approve. Report is due December 1st per the legislation.
- **Current Building Decarbonization Plans, Policies, and Programs**
 - Mark Stewart (MDE): State Laws and Policies ([MDE Slides pgs. 4-7](#))
 - In 2021, the 2030 Greenhouse Gas Reduction Act (GGRA) Plan was released and included goals to convert fossil fuel based systems to heat pumps, and the Maryland Commission on Climate Change (MCCC) developed a Building Energy Transition Plan which called for several new policies: all-electric construction code, clean heat retrofit program, building emissions standard, and utility transition plans
 - In 2022, the Maryland's Climate Solutions Now Act (CSNA) passed and established nation-leading greenhouse gas emissions (GHG) reduction targets, Building Energy Performance Standard (BEPS), provided funding to DHCD to help affordable housing providers, funding for MCEC Climate Catalytic Capital Fund, new EmPOWER goals, this Task Force, and more
 - BEPS include buildings larger than 35,000 sq ft. Regulations are in progress, which must include energy use intensity (EUI) and net direct GHG targets. MDE is currently reviewing public comments. Around 30% of covered buildings already meet the 2040 EUI targets and a different 30% already meet the 2040 GHG targets, but almost all buildings will need to do some type of work to meet those targets in the next 17 years.
 - The Maryland Climate Pathway Report will be released Friday June 30th and open to comment through September.
 - **Q:** Will MDE take comments on the Climate Pathway Plan, through the listening tour or written? **A:** MDE will take both written and in person comments.
 - Policies under consideration: Modifying EmPOWER to allow beneficial electrification, zero-emissions standards for space and water heating equipment, and clean heat standards
 - GHG Reduction Plan - next State plan is due in December, new policies must achieve a 60% reduction in statewide GHG emissions by 2031.
 - Jamal Lewis (Rewiring America) - Federal Policies and Incentives ([Rewiring America Slides](#))

- Tax Incentives - available now and unlimited - 25C Residential Energy Efficiency Tax Credit and 25D Residential Clean Energy Credit. 45L commercial credit for home developers and 17D energy efficient commercial buildings deduction. 48E Bonus Credit for disadvantaged/low-income/tribal areas for wind and solar.
 - Rebate and other non-tax incentives. Home Electrification Rebates and Home Efficiency Rebates. Green And Resilient Retrofit Program - U.S. Housing and Urban Development program for privately-owned affordable housing (Elements, Leading Edge, and Comprehensive subprograms)
 - Building Codes: assistance for latest and zero building energy code adoption - allocation of funding by state is unknown
 - Greenhouse Gas Reduction Fund: Solar for All, National Clean Investment Fund and Clean Communities Investment Accelerator (largely available through the Maryland Clean Energy Center or other local financing groups).
 - Additional Pollution Reduction Funding - Climate Pollution Reduction Grants (state must write a plan, could include buildings in that), Environmental and Climate Justice Block Grants (for local governments and nonprofits), and Funding to address Air Pollution in Schools.
 - Maryland was the first state to request funding from the Climate Pollution Reduction Grant
- Eric R. Coffman - MD Energy Administration (MEA) State Programs Overview (MEA Slides)
- The Strategic Energy Investment Fund (SEIF) deploys \$80-\$100 million annually guided by statutory rules and limits. For example, energy efficiency funds can only be used for cost-effective improvements
 - Five areas: clean energy and resiliency; energy efficiency and buildings; clean transportation; partnerships innovation and diversity, equity, and inclusion (DEI); and wind and water.
 - Another overview of federally funded programs: Grid Resiliency (40101d), HOMES, HEEHRA, EECBG, Energy Efficiency Revolving Loan Fund (partnership with DHCD, emphasis on affordable housing energy and electrification)
 - EmPOWER Maryland - incentives for residential, commercial, and small business in BG&E, Delmarva, Pepco, Potomac Edison, SMECO, and Washington Gas. Maryland Limited Income Program (DHCD). Multi-Family Energy Efficiency and Housing Affordability Program - MEEHA (DHCD). PACE in many but not all counties, local government energy conservation tax credits, MD Clean Energy Advantage (MCEC), MD Clean Energy Capital Program (MCEC), local government green banks and finance authorities, such as the Montgomery County Green Bank and Anne Arundel County Resiliency Authority
- Discussion
- **Q:** Regarding statutory requirements for incentives, many of the programs seem to be targeted to homeowners or apartment buildings, but what about industry? **A:** There is a mix and it does include all building types. Although federal incentives may lean towards residential, there are some state programs that may be more targeted to commercial and industrial. Also, there are many federal programs that are great but may need

additional funding to help Maryland reach GHG goals. For state programs, low-hanging fruit like light bulbs are being replaced with needs for capital improvements. GHG Reduction Fund is a broad pot of money that can be used for any type of building, so that funding could go to MCEC and others to help offer better financing because it is intended to leverage public and private funds and be a revolving fund. The low-income housing sector also needs a lot of attention and funding. There is also private capital available which could be leveraged by government funding to extend the reach to more buildings that may have a harder time accessing financing. With PACE, private investors are comfortable with projects above \$500k which is too large for many of the smaller buildings and nonprofits, so a green bank may be a better fit. Also projects may need non-financial support, like more time and more non-energy support.

- **Q:** How will the Climate Transition Hub at MEA work? **A:** There is a position that will manage the Hub. Recruitment will begin in July to support technical assistance for building owners to move forward and navigate the many different incentives.
 - **Q:** Would be useful to get data on where the GHG emissions are located in terms of commercial vs residential and large vs small in order to identify the greatest opportunity. **A:** We will be able to provide those estimates, but also we know that everything is on the table per the legislation.
 - **Q:** So far only talking about operational carbon, but what about embodied carbon from glass and steel and concrete in the new buildings which has a major impact? **A:** There are some Buy Clean policies underway and Maryland is a part of the Federal-State Buy Clean Partnership, but this Task Force is focused on decarbonizing operational emissions. Think about it as improving the existing building, rather than tearing it down.
 - **Comment:** Seems that the incentive amounts are too small to tip the scales for small owners without ready capital. Cost effectiveness is hard when externalized costs of climate change and pollution aren't considered. The EPA Social Cost of Carbon should be included in that cost effectiveness equation.
- **Discuss the Task Force's Work Plan and Decision-Making - ([MDE Slides pg. 8](#))**
 - By the next Task Force meeting, we'd like to have a more detailed analysis on the actual costs of reducing GHGs across BEPS and non-BEPS buildings. Then we'll move to cover new and emerging building decarbonization programs.
 - **Q:** Can we see the LBNL report? **A:** Analysis is currently in progress and will be shared as soon as possible but cannot guarantee a date.
 - **Q:** Are there additional studies that will help inform the conversation around what is the cost? Possible to share a list for people to review starting now? **A:** Yes, RMI and Rewiring America and others are doing local and national studies that will be shared. Lots of work to build on such as the E3 studies, etc. AECOM is doing some data aggregation to help answer some questions from the task force.
 - **Q from MDE:** Is anything missing? **A's from participants:** Seems to be a gap around Outreach and Education. How do we reach the targeted audience? Who are the right trusted partners to communicate the

content? Maybe this can be part of the subgroup focus. Seconded - processes to get to being “financeable” often don’t exist even when the financing itself does. Pre-development work and costs are a significant barrier to change happening. Additionally, need for support to access, not just education (e.g. for LMI communities). Builders will also need to be communicated with and there needs to be workforce development.

- **Q:** Why are schools grouped with small commercial? They might be better as their own group. Seconded: The audience, decision makers and issues of small commercials and schools are very different. **A:** That subgroup is a wide variety of buildings that aren’t covered, but we can consider breaking it down.

- After the first two presentation-focused meetings, the monthly meetings will start building on subgroup feedback to shape discussions. Everything comes back to the full Task Force to make decisions. Draft recommendation discussions will be held on September 28 and October 12, and recommendations will be finalized at the October 26th meeting. The report should be ready for review and finalization November 7th and 21st. This is a tight timeline so recommendations may include items such as “more research needed”.
- Note that feedback on BEPS regulations is being handled outside of this process, this task force is focused on how to support these buildings in meeting the goals.
- We all share the same goal but want to make recommendations informed by the resources available to the State. For example, where can we close gaps?

- **Launch Subgroups** ([MDE Slides pg. 9](#))

- There will be 4 subgroups so that people can get deep into specific sectors. Chaired by a task force member but will include other members of the public.
 - Large Buildings Covered by BEPS
 - Small Commercial and Institution Buildings NOT Covered by BEPS
 - Market-Rate Housing NOT Covered by BEPS (*single family and small multifamily*)
 - Limited-Income Housing (Covered and Not Covered by BEPS) (*subsidized AND naturally-occurring affordable housing. Intentionally overlaps with the first group because the constraints and available funding is very different for this group and can get overlooked*).
- Reach out to Cindy (MDE) if you would like to join a subgroup: cindy.osorto1@maryland.gov. Also email her if you have ideas of people who may be good additions. Looking for building owners, residents, and more.
- IMT will be facilitating the subgroups and recording group recommendations for the final report.

- **Public Comments**

- **Q:** Garrett Fitzgerald (Montgomery County): Can you clarify if members who are not part of the Task Force can join the subgroups? Also, the market-rate not in the BEPS subgroup should think about property-tied and utility-tied financing. Incentive money alone is not enough to trigger the market at the scale that is necessary. Some folks aren’t sure how long they will stay in their home, which impacts long-term investments. On-bill financing programs can be effective but needs to be handled correctly to mitigate risk.
 - **A:** Yes, absolutely the subgroups are open to the public to join. Email Cindy to volunteer or recommend participants and indicate which specific subgroup or subgroups you are interested in.